

State of Arkansas
Department of Finance and Administration
Income Tax Administration



www.arkansas.gov/efile

Tax Year - 2004

**Handbook for Electronic Filers
Of Individual Income Tax Returns
(Filing Season Beginning 01-01-2005)**

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PREPARER ASSISTANCE

THIS CONTACT INFORMATION IS FOR PREPARERS ONLY!

Technical Assistance

Dan Brown, E-File Manager

(501) 682-7070

Fax: (501) 682-7393

E-Mail Address: Dan.Brown@rev.state.ar.us

Caroline Glover, E-File Supervisor

(501) 682-7925

Fax: (501) 682-7393

E-Mail Address: Caroline.Glover@rev.state.ar.us

Return Assistance

Susan Willis, E-File Service Representative

(501) 682-7361

Fax: (501) 682-7393

E-Mail Address: Susan.Willis@rev.state.ar.us

JoAnn Hill, E-File Service Representative

(501) 682-7112

Fax: (501) 682-7393

E-Mail Address: JoAnne.Hill@rev.state.ar.us

Katrina Martin, E-File Service Representative

(501) 682-7075

Fax: (501) 682-7393

E-Mail Address: Katrina.Martin@rev.state.ar.us

Refund Assistance

Barbara Rowell, Support Representative

(501) 682-7926

Fax: (501) 682-7393

E-Mail Address: Barbara.Rowell@rev.state.ar.us

TAXPAYER ASSISTANCE

The State of Arkansas Income Tele-Tax Helpline provides taxpayers with information about their refunds and general tax topics. Tele-Tax Help line is available 24 hours a day. Taxpayers may inquire about the date their refunds will be issued.

Taxpayers should be advised to confirm acknowledgment of their Arkansas return with their practitioners before calling the Tele-Tax Help line.

Automated Refund & Tele-Tax Information:

Little Rock Area: (501) 682-0200
Statewide: 1-800-438-1992

Individual Income Tax Hotline:

Little Rock Area: (501) 682-1100
Statewide: 1-800-882-9275

FREQUENTLY ASKED QUESTIONS FOR TAX PROFESSIONALS

Q. How do I get set-up to file Arkansas State returns electronically?

- A. You may send or fax a completed Federal 8633 along with your Authorization Letter from the IRS to:

Electronic Filing Group
P. O. Box 8094
Little Rock, AR 72203-8094
Or Fax: (501) 682-7393

Q. Where can I get a list of approved Software Companies?

- A. To download the list, click on http://www.arkansas.gov/dfa/taxes/ind_tax/ar_efile/appsoft

Q. Do I mail the AR8453's to the E-File Group?

- A. No, ERO's are to retain the AR8453's with signature(s), along with any W-2(s) and/or 1099R(s). However, if the state return has any of the following adjustments or credits; Developmentally Disabled Credit, Disabled Child Adjustment, Other State Tax Credit, the signed AR8453 along with the required form(s) are to be mailed or faxed to:

Electronic Filing Group
P. O. Box 8094
Little Rock, AR 72203
Fax: (501) 682-7393

Q. Are PIN's accepted for the taxpayers signatures?

- A. No, we do not accept a PIN for the taxpayer's signature. The taxpayer(s) must sign the AR8453.

Q. Can I access the Electronic Filer Handbook on-line?

- A. Yes, to access the AR1345, click on the link:
http://www.arkansas.gov/dfa/taxes/ind_tax/ar_efile/elfforms

Q. Does Arkansas accept State Only e-filed returns?

- A. Yes, if your software supports the State Only Filing. If your software supports the State Only Filing, you will need to contact your software company to see what the requirements are to use the State Only Filing feature.

Q. What returns cannot be sent using the State Only Filing?

A. Non-Resident Returns will **NOT** qualify for State Only Filing.

Q. Can a state refund be direct deposited?

A. Yes, but only on electronically filed returns, and the routing and account numbers must match the routing and account number shown on the Federal Return.

Q. What telephone numbers can taxpayers call to check on their refund?

A. Arkansas' 24 hour automated phone numbers are:

(501) 682-0200
1-800-438-1992 (Arkansas Residents Only)

Q. Can a taxpayer have the tax due balance debited from their checking or savings account?

A. No, Arkansas does not offer that feature at this time. However, the taxpayer can may their payment by credit card by calling or going to the website listed below:

1-800-272-9829
www.officialpayments.com

Q. What is to be mailed to Arkansas when there is a balance due?

A. The taxpayer mails their check or money order along with the AR1000V to the address below. **The taxpayer does not send a copy of their state tax return with the payment voucher.**

Electronic Filing Group
P. O. Box 8149
Little Rock, AR 72203-8149

Q. What are some of the items that will cause an Arkansas e-filed return to be rejected?

A. Arkansas will be rejecting State returns that are filing for the following adjustment or credit:

Contributions to Intergenerational Trust
Border City Exemption
Phenylketonuria Disorder Credit
Business and Incentive Tax Credit
Early Childhood Program
Adoption Credit
Foreign Income Exclusion
Foreign Address Returns

Q. How do I get a list of Arkansas' Reject Codes?

A. To download the reject codes, click
http://www.arkansas.gov/dfa/taxes/ind_tax/ar_efile/reject_main

Q. If a dependent (child) can be claimed on the parents return, can they still qualify for their personal tax credit?

A. Yes, the dependent child can take their own personal tax credit even if their parent(s) claimed them on their return.

Q. Are there any Tax Breaks that might benefit taxpayers?

A Yes, see below:

1. If taxpayers are filing joint and both parties have income but do not qualify for Low Income, you might want to file using Filing Status 4 separating your income. Filing Status 4 usually reduces the amount of tax on the income.
2. If the taxpayer has Military or Retirement, you qualify for the "up to" \$6,000.00 exclusion.
3. If using Filing Status 4 and one or both spouses have a negative figure on line 37, you may want to file using Filing Status 2, to reduce the tax.
4. If a taxpayer has a child that has been diagnosed with: Cerebral Palsy, Epilepsy, Down's Syndrome, Autism or Mental Retardation, they may qualify for a \$500.00 tax credit towards the tax liability. The AR1000RC5 must be completed by the doctor and mailed or faxed to:

Electronic Filing Group
P. O. Box 8094
Little Rock, AR 72203-8094
Fax to: (501) 682-7393

Q. How does a taxpayer change their address once the return has been transmitted?

A. The taxpayer must call one of the numbers below to change their address. A change of address cannot be taken from the Preparer or ERO.

(501) 682-1100
1-800-882-9275 (Arkansas Residents Only)

Q. What is the last day I can e-file an Arkansas return?

A. October 15th. If you know you are filing a state return after the April 15th deadline and have an approved extension, please check the appropriate box. If you do not know where to put it in your software, please check with your software company.

Q. How soon are the state refunds direct deposited or mailed?

A. If the refund is to be direct deposited, the taxpayer should expect their refund within 48 to 72 hours from the date you receive their State Acknowledgement.
If the refund is to be mailed, the taxpayer should have their refund within 3 to 5 business days from the date you receive their State Acknowledgement.

Q. If the Routing and/or Account number are incorrect, what does the taxpayer do?

A. Verify that the taxpayers refund wasn't part of a RAL or quick check .
If the Routing and/or Account number were incorrect, the taxpayer will receive a paper check within 7 to 10 days from the date we receive it from the bank. **A paper check cannot be issued until the bank returns the deposit.**

Q. How do I get my State Acknowledgements?

A. Your software will send you your State Acknowledgements.

Q. When will I receive the State Acknowledgements?

A. You should receive a State Acknowledgement for the returns you transmitted within 3 to 5 business days. Your State Acknowledgement is separate from your Federal Acknowledgement. The State Acknowledgement shows if the State return has been Accepted or Rejected.

Q. Why am I not receiving my State Acknowledgements?

A. If you're not receiving your State Acknowledgements, please contact your software provider.

INTRODUCTION

The State of Arkansas is once again happy to partner with the Internal Revenue Service to present the Fed-State E-File Seminars. As IRS continues their modernization and re-structuring, the State of Arkansas is continuing to upgrade the Electronic Filing process, but utilizing the existing infrastructure in order to establish long lasting relationships with the Tax Practitioners and Electronic Return Originators within the State of Arkansas. It is our goal to provide the best service possible to the Practitioners and ERO's in order for you to provide the best service possible to your clients.

The Electronic Filing program has experienced tremendous growth since 1995. The following charts represent this growth.

Tax Year	1995	1996	1997	1998	1999	2000	2001	2002	2003
E-File	45,966	108,692	151,464	202,557	244,845	309,054	365,974	420,095	459,403
On-Line	0	0	0	6,561	15,700	25,141	42,728	54,812	58,960
Telefile	0	5,742	9,682	9,340	12,166	16,425	20,389	19,818	18,831
Telefile - Internet	0	0	0	0	0	335	981	1,117	1,334
TOTALS	45,966	114,434	161,146	218,458	272,711	350,955	430,072	495,842	538,528

The Arkansas Electronic Filing Season for Tax Year 2004 will use the same testing dates and live dates as the IRS. Testing usually begins in November of each year and live transmissions will begin in early January. Arkansas will allow Fed-State Electronic Filing through October 15th of each year.

Arkansas will once again participate in the "State Only Filing" that will be offered. This will allow returns that may be rejected on the State side to be re-transmitted once the error condition has been corrected. This will also allow State returns to be filed when a Federal return is not required. However, this is offered through an authorized ERO tax preparer.

Thank you Tax Preparers, ERO's and Software Developers for your continued support for this wonderful program. We truly believe that electronic filing has now become the "best way to file taxes" and will continue to grow from year to year. We will do our best to continue to provide efficient service to you and appreciate your efforts in this program.

All IRS rules, regulations, and requirements governing tax preparers, transmitters, and electronic return originators put forth by the IRS are in effect for the State of Arkansas unless otherwise instructed by Arkansas procedures. Please note that IRS Publication 1345, Chapter 17 Fed-State Electronic Filing identifies the IRS procedures and requirements for Fed-State Filing.

If you have any questions about Arkansas E-File, please visit our website at:

www.arkansas.gov/efile

FEDERAL-STATE ELECTRONIC FILING

The State of Arkansas continues to offer Fed-State Electronic Filing to their taxpayers. An additional 7 States offer an Independent Electronic Filing program to their taxpayers. Fed-State Electronic Filing continues to be the fastest way to have tax returns processed by the IRS and the States that participate in this program. The State of Arkansas has extended the contract with Mountain EDI for Fed-State Electronic Filing in 2005, and is ready to offer this capability to taxpayers that are required to file an Arkansas return nationwide.

Tax preparers and transmitters accepted in the IRS E-File program can participate in the Fed-State program by filing both the Federal return and the Arkansas return in one transmission to the IRS Service Center in Memphis, TN, using software accepted by both the IRS and the State of Arkansas. After acknowledging acceptance of the Federal return with state data to the transmitter, the IRS makes the state data available for retrieval by the State of Arkansas. After the state data has been retrieved by the State of Arkansas, it is processed through the State's computer processing system and a separate acknowledgment is created for the State return.

The State of Arkansas will participate in the new Fed-State Acknowledgement system for 2005. All transmitters should retrieve their State Acknowledgments through the IRS. The transmitter should be able to retrieve the Arkansas acknowledgment within three days or less from the time he receives his Acknowledgment from the IRS. (Please see Transmitting the Arkansas Electronic Return in this Publication.)

Taxpayers can expect State of Arkansas refunds within ten (10) days of the date of acknowledgment from Arkansas and may expect Direct Deposits to be made within 48-72 hours of Acknowledgment.

ARKANSAS ELECTRONIC FILING CALENDAR

TAX YEAR 2004

IRS/State Testing Begins November 8, 2004

First Date for Transmitting Live Electronic Returns
to IRS/AR Department of Finance & Administration January 14, 2005

Arkansas Due Date April 15, 2005

Last Date for Arkansas Returns October 17, 2005

PUBLICATIONS

IRS Publications

Publication 1345 Handbook for Electronic Filers of Individual Income Tax Returns
(Tax Year 2004)

Publication 1345-A Supplement to Handbook for Electronic Filers of Individual Income Tax
Returns

Publication 1346 Electronic Return File Specifications and Record Layouts for Individual
Income Tax Returns (Tax Year 2004)

Publication 1436 Test Package for Electronic Filing of Individual Income Tax Returns
(Tax Year 2004)

State of Arkansas Publications

Publication AR1345 Arkansas Handbook for Electronic Filers of Individual Income Tax
Returns (Tax Year 2004)

Publication AR1346 Arkansas Software Developer's Information Handbook
(Tax Year 2004)

Publication AR1436 Arkansas Test Package
(Tax Year 2004)

IMPORTANT INFORMATION FOR TAX YEAR 2004

1. The State Income Tax return due date is April 15th.
2. The Arkansas E-File Publications are now available on CD.
3. A 3% Income Tax Surcharge has been added.
4. The AR1000-CO is a new Contribution Donation form. This form must be completed and attached for anyone making a contribution to any of the following:

Arkansas Disaster Relief Program
U.S. Olympic Committee Program
Arkansas School for the Blind/School for the Deaf
Baby Sharon's Children's Catastrophic Illness Program
Organ Donor Awareness Education Program
5. The \$6,000.00 exemption for Retirement Income is now taken from the Taxable Amount.
6. The Working Taxpayer Credit is no longer available.
7. A new box has been added to the AR1000 and AR1000N form for Tax Year 2004 to identify Extensions filed with the IRS. One box indicates Federal Extension 4868 has been filed, and the second box indicates Federal Extension 2688 has been filed.
8. Our E-File website is constantly being updated with new and helpful information. Please visit our website to review this information about the Arkansas E-File program:

www.arkansas.gov/efile
9. Several States that participate in the Fed-State Electronic Filing program are incorporating Mandates for Electronic Filing this coming season. Arkansas is not mandating the use of Electronic Filing at this time, but is giving consideration to this possibility.

Arkansas State E-File Information

1. **State Only E-Filing:** Effective this year Arkansas will allow State only filing due to the cooperation of the IRS. This has been a feature requested for several years by many States and now is available. This will allow ERO's to re-transmit returns that have been rejected by the State of Arkansas due to errors. Arkansas will be rejecting some returns that do not meet the requirements of Electronic Filing. Non-resident returns will **NOT** qualify for State Only filing.

2. **Direct Deposit available on Electronically Filed Arkansas Individual Income Tax returns.** This will include E-File by ERO's, On-Line Filed returns, and Telefile returns. Direct Deposit will be offered on Electronically Filed Arkansas Individual Income Tax returns for this year.

3. **We will be rejecting State returns that are filing for the following adjustment or credit:**

**Contributions to Intergenerational Trust
Border City Exemption
Phenylketonuria Disorder Credit
Business & Incentive Tax Credit
Early Childhood Program
Adoption Credit
Internet Filed Non Resident Returns
Internet Filed State Only Returns
Foreign Income Exclusion
Foreign Address Return**

4. **Couples filing Joint on the Federal Return MUST file the State return either Married Filing Joint or Married Filing Separately on the SAME Return.** We no longer accept State returns for couples filing Joint on the Federal return but filing Married Filing Separately on Different returns on the State return.

5. **Other State Tax Credit for Full Year Resident Electronic filers allowed but required to FILE AR8453 and copy of Other State return.** This continues to be a problem in Other State Tax Credits Claimed. Please verify in your software that the correct tax amount is being carried to Line 46 of the Arkansas Tax Form. Please submit the AR8453 form along with a copy of the Other State(s) returns verifying the tax amount claimed. These forms will need to be mailed to the address below, or FAXED.

Form AR1000RC5's along with AR8453 are to be faxed or mailed at the time of transmission. Make sure DCN has been entered in the upper left hand corner of the AR1000RC5. Attach form AR8453.

Address: **Electronic Filing Unit
P. O. Box 8094
Little Rock, AR 72203-8094**

Fax#: **501-682-7393**

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www.arkansas.gov/efile

6. **AR8453's are to be maintained by the ERO's.** We continue to receive AR8453's from ERO's, please retain them for your records. (See Information Above)

7. **Phone numbers for the Electronic Filing Group are for the ERO's and Preparers.** Please make sure your staff does **NOT** give out the numbers to the taxpayers. We received calls from taxpayers stating their preparer's office had given them our number to have us check on their refund. If we're answering refund calls, we can't help the preparers and ERO's that have questions or concerns. The numbers for taxpayers to call for refund information is:

(501) 682-1100 or 1-800-882-9275

Automated Numbers: (501) 682-0200 or 1-800-438-1992

8. **AR1000V Payment Vouchers are for tax due returns that are filed electronically.** If a taxpayer is filing his tax due return electronically please explain to the taxpayer **NOT** to send in their payment with their copy of the State tax return. When the taxpayer sends a copy of their State tax return along with the check, it is processed as if they were filing a paper return. This causes them to receive a billing for their electronically filed return. They are to send in **only** the AR1000V along with their payment.

RESPONSIBILITIES OF ELECTRONIC FILERS/TRANSMITTERS/ERO'S

Electronic filers, transmitters, and return originators must abide by the terms set forth in the Arkansas Handbook and must maintain a high degree of integrity, compliance, and accuracy to continue participation in the Fed-State electronic Filing Program. They must also meet the following requirements:

COMPLIANCE

All electronic filers must comply with the requirements and specifications set forth in the IRS Publications 1345, 1345-A, and 1346; this Arkansas Handbook; and Arkansas Electronic Filing Information for Software Developers.

TIMELINESS OF FILING

Transmitters and electronic return originators must ensure that electronic returns, which are due by **April 15, 2005** are filed in a timely manner. The date of the IRS acknowledgment will be considered the filing date for an Arkansas return transmitted electronically.

Further, transmitters and electronic return originators must confirm acknowledgment of the State return by Arkansas' Department of Finance and Administration before considering the state return received.

DEADLINE FOR FILING

Arkansas' Department of Finance and Administration will accept electronically filed all Arkansas tax returns transmitted to the IRS Memphis Service Center through **October 17, 2005**. Any Arkansas returns submitted after **October 17, 2005** must be filed as paper documents.

RESPONSIBILITY TO YOUR CLIENTS

Preparers have been entrusted with the task of filing a client's tax return and must assume the responsibility of ensuring that the return arrives at the Arkansas' Department of Finance and Administration. In the event that the electronic return fails to arrive at its destination, preparers must notify their clients to file a paper return.

CHANGES ON THE RETURN

If the transmitter or taxpayer wishes to make any changes after the return has been accepted and acknowledged, the taxpayer must file an Amended Return through the paper document process.

Arkansas paper returns must be mailed to the appropriate address:

REFUND RETURNS	TAX DUE RETURNS	NO TAX DUE RETURNS
Arkansas Income Tax P. O. Box 1000 Little Rock, AR 72203-1000	Arkansas Income Tax P. O. Box 2144 Little Rock, AR 72203-2144	Arkansas Income Tax P. O. Box 8026 Little Rock, AR 72203-8026

The tax practitioner should have his client ensure that the original return has been processed before filing the amended return.

HANDLING PROBLEMS

Taxpayers needing general tax information..... (501) 682-1100

Refund Information (Automated Information Line) (501) 682-0200

Preparers, Transmitters, and ERO's <u>ONLY</u> who need assistance with problems relating to electronic state returns. (501) 682-7925 (501) 682-7112 (501) 682-7361
**NOTE: <i>This number is for tax professionals only. Do Not give it to taxpayers.</i>

CHECKING THE ARKANSAS ACK FILE

All transmitters can retrieve Arkansas acknowledgments through the IRS.

Upon receipt of the State acknowledgment of an electronic Arkansas return, transmitters are required to notify their ERO's of the Acknowledgment.

An Arkansas acknowledgment indicates that the return has been received and will be processed. The taxpayer should be advised to wait at least two weeks from the date of acknowledgment before inquiring about his tax return.

Any questions concerning returns with errors will be directed to the taxpayer or his agent who has power of attorney on file for the year in question.

APPLICATION PROCESS

All interested parties who wish to participate in the Arkansas Fed-State Program may do so if they meet the following requirements:

Practitioners located in Arkansas and previously accepted by the IRS and in good standing for the electronic filing program do not have to submit any documentation unless requested from this office. If you are not in Arkansas, please FAX a copy of Federal Form 8633 and the IRS Acceptance Letter to **(501) 682-7393** or mail to:

**Electronic Filing Unit
P. O. Box 8094
Little Rock, AR 72203-8094**

If you currently do not participate with IRS electronic filing but would like to, complete Federal Form 8633, Application to Participate in the Electronic Filing Program, and send to:

**Internal Revenue Service
Andover Service Center
ATTN: EFU Acceptance
Testing Stop 983
P. O. Box 4099
Woburn, MA 01888-4099
(800) 691-1894**

For further questions, please visit the IRS website at www.irs.gov

All Arkansas Returns must be transmitted to the Memphis Service Center.

Each Electronic Return Originator (ERO) MUST have an Electronic Filer Identification Number (EFIN).

Please notify our office if you have any changes to your application form 8633. IRS requires that you have 30 days in order to contact the Andover Service Center to report these changes. The changes must be reported to the State of Arkansas at the above address within the same time frame.

IRS Publication 1345 specifies the application process and requirements for Federal participation. These requirements will apply for Arkansas electronic filing purposes under the Fed-State Program.

The IRS will provide a list of accepted Federal Electronic Filers with Arkansas locations to the State of Arkansas. Practitioners on this list of accepted Federal Electronic filers may file State Electronic returns, subject only to passing State suitability checks. All Electronic Filing software will have to be approved each year by the State of Arkansas E-File Unit.

APPROVED SOFTWARE LIST

The following is a complete list of approved software companies that completed testing for Arkansas' Fed-State E-Filing for Tax Year 2003:

Company

Status

Creative Solutions

Dexter, MI 48130
(734) 426-5860

APPROVED

January 5, 2004

Universal Tax Systems

Rome, GA 30165
(800) 755-9473

APPROVED

January 5, 2004

2nd Story Software

Cedar Rapids, IA 52402

APPROVED

January 5, 2004

ATX Forms INC

Fort Pierce, FL 34951

APPROVED

January 5, 2004

Jackson-Hewitt

Sarasota, FL 34232

APPROVED

January 5, 2004

LaCerte Software

Plano, TX 75024

APPROVED

January 5, 2004

Drake Software

Franklin, NC 28734
(828) 524-8020

APPROVED

January 5, 2004

Tax Works

Kaysville, UT 84037
(800) 669-1011

APPROVED

January 5, 2004

RCS

Evans, GA 30809
(706) 868-0985

APPROVED

January 5, 2004

H & R Block

Dublin, OH 43017

APPROVED

January 5, 2004

Orrtax

Bellevue, WA 43017
(425) 649-8291

APPROVED

January 6, 2004

APPROVED SOFTWARE LIST CONTINUED:

Company

Status

Petz Enterprizes

Tracy, CA 95376
(800) 345-4337

APPROVED

January 7, 2004

Intuit

San Diego, CA 92122
(804) 473-3300

APPROVED

January 8, 2004

Tax Ware

Upland, CA 91786
(800) 877-1065

APPROVED

January 15, 2004

CCH

Wichita, KS 67208
(316) 612-5000

APPROVED

January 22, 2004

Thomson RIA

Carrollton, TX 75006

APPROVED

January 26, 2004

Stallion Software

Amarillo, TX 79159

APPROVED

February 5, 2004

Orrtax (Windows Version)

Bellevue, WA 98005

APPROVED

February 8, 2004

CPA Best Software

Pensacola, FL 32502

APPROVED

February 27, 2004

An updated listing for the coming year will be provided on the E-File website for the state of Arkansas.

www.arkansas.gov/efile

ACCEPTANCE AND TESTING

Acceptance by the IRS for filing federal electronic returns from an Arkansas business address results in acceptance into the Arkansas electronic filing program, pending completion of a State suitability check. No separate application form is necessary for Arkansas electronic filing.

The IRS requires notification of address changes, contact person changes, etc to be sent to the Andover Service Center within 30 days of the change in order to maintain updated information of the ERO. These changes are also required for the State of Arkansas. Please send any changes to your 8633 application form to:

**Electronic Filing Unit
P. O. Box 8094
Little Rock, AR 72203-8094**

FAX: (501) 682-7393

After the Arkansas Department of Finance and Administration conducts suitability checks on applicants accepted by the IRS for Arkansas Federal filing, the Department would authorize those that are eligible to participate in the Arkansas program. No notification will be sent to those who are accepted for Arkansas State Electronic filing. If you are not accepted because of the suitability check, this Office will notify you.

The State of Arkansas will use the Electronic Filer Identification Numbers (EFIN's) and Electronic Transmitter Identification Numbers (ETIN's) that are assigned by the IRS. The Andover Service Center assigns all EFIN's and ETIN's for the State of Arkansas.

All software developers are required to test their software with Arkansas test data. Only software that has been tested and accepted by the Arkansas Department of Finance and Administration may be used for Arkansas Electronic Filing.

Upon request, software developers will be provided software specifications and test materials with instructions. When these software developers have successfully completed testing with the IRS, they may begin Arkansas testing. The State of Arkansas will then retrieve the State Test Data from the IRS Memphis Service Center, process, evaluate, and notify the software developers of results.

ARKANSAS ELECTRONIC RETURN

The State of Arkansas' electronic return consists of electronically transmitted data and supporting paper documents that must be mailed or delivered.

The following forms and schedules may be transmitted electronically (electronic return):

AR1000	Arkansas Full Year Resident Form
AR1000N	Arkansas Non Resident Form
AR3	Arkansas Itemized Deductions Schedule
AR4	Arkansas Interest & Dividends Schedule
AR1000TD	Lump-Sum Distribution Averaging
AR2210	Arkansas Underestimate Penalty Schedule
AR1800	Arkansas Political Contribution Schedule
AR1075	Deduction for Tuition Paid to Post-Secondary Educational Institutions
AR1000CO	Schedule of Check-Off Contributions
AR1000D	Capital Gains Schedule
AR1000MS	Miscellaneous Statement

DOCUMENTS, WHICH MUST BE SUBMITTED TO THE STATE OF ARKANSAS

The following supporting forms and schedules of the Arkansas tax return must be completed in paper format and, or FAXED to E-File Unit **(501) 682-7393**, or mailed or delivered to the State of Arkansas to the following address:

**E-File Unit
PO Box 8094
Little Rock, AR 72203-8094**

AR1000DC Disabled Child Certificate - Must be submitted every year.

AR1000RC5 Developmentally Handicapped Child Certificate - This certificate must be submitted every 5 years or the first year the credit is taken. If it is time for a new certificate to be submitted, the taxpayer should receive a renewal letter from the State of Arkansas.

Other State Tax Returns When Other State Tax Credit is being claimed on the AR1000F, please mail or FAX copies of the returns to the above address or phone number.

What Cannot Be Transmitted Electronically

The following types of returns are excluded from electronic filing for tax year 2004:

- AR1000A – Amended or Corrected returns.
- Prior Year returns. Only the current year return can be filed electronically.
- AR1000S – Arkansas Short Form.
- Tax returns with Foreign Addresses or Foreign Income.
- Decedent's tax returns.
- Tax returns that have a different filing status from the Federal return. Exception: Those using Married Filing Joint or Married Filing Separately on the Same Return.
- NonResident returns that have Arkansas income less than \$1.00 and/or 0% for the apportionment.
- Border City Exemption Adjustment.
- Contributions to Intergenerational Trust.
- Adoption Expenses Credit.
- Phenylketonuria Disorder Credit.
- Business and Incentive Tax Credits.
- Early Childhood Program.

TRANSMITTING THE ARKANSAS ELECTRONIC RETURN

Since the Arkansas electronic return will be transmitted with the Federal return, the transmitter must comply with all electronic transmitting procedures, communications requirements, and technical specifications by the IRS, as defined in IRS Publication 1345.

Arkansas returns must be transmitted to the Memphis Service Center.

NOTE: *Participants in the Fed-State Electronic Filing Program should confirm with their software developers or direct transmitters that the software can process and transmit the state data along with the federal data to the Memphis Service Center.*

Questions or problems pertaining to acknowledgment status should be directed to the Arkansas Electronic Filing Unit Help Desk at (501) 682-7925.

Arkansas Individual E-File Return Reject Information

For Tax Year 2004, Arkansas will again reject E-Filed returns for specific reasons. Many of the reasons are for returns that require special forms that are not eligible for E-File. These forms include the Border City Exemption Certificate necessary for Texarkana exemption of income (Form AR-TX), the Early Childhood Credit form (AR1000EC), Credit for Adoption Credit Expenses (Form AR8839), Business and Incentive Tax Credits (AR1000BIC), Phenylketonuria Credits (PKU Credit), Adjustment to income for Intergenerational Trust amounts, and several more items identified in the Reject Code Listing.

Due to the availability of filing a "State Only: return for the coming year, these edits have become necessary to implement into our processing system. A complete listing of the Reject Codes is provided on the following pages.

Arkansas Reject Codes

Revised: 10/22/2004

Code	Form	Message
0001	AR1000 AR1000N	Duplicate Return. An electronically filed return has previously been filed.
0002	AR1000 AR1000N	No Federal Tax Return attached to State return.
0003	AR1000 AR1000N	Missing Form: W-2's were not included with State return. (RE: Line 8 or 8C or Line 9A or Line 9B or Line 9C or Line 10 or Line 10C)
0004	AR1000 AR1000N	Missing Form: 1099R's were not included with State return. (RE: Line 17 or Line 17C or Line 18A or Line 18B or Line 18C)
0005	AR1000 AR1000N	Missing Form: W-2G's were not included with State return. (RE: Federal 1040 Line 21)
0006	AR1000 AR1000N	On-Line Filed Return not allowed for State Only Filing.
0007	AR1000 AR1000N	A return claiming Foreign Income Exclusion (Form 2555) cannot be filed electronically with the State of Arkansas.
0008	AR1000 AR1000N	A return with a Foreign Address cannot be filed electronically with the State of Arkansas.
0009	AR1000 AR1000N	Decedent Tax return does not qualify for Arkansas E-File.
0010	AR1000 AR1000N	The Non Resident return (AR1000N) cannot be filed as "State Only" or "On-Line Filed" Return.
0011	AR1000 AR1000N	Missing Form: Schedule ARNR was not included in the electronic record.
0012	AR1000 AR1000N	The Non Resident return (AR1000N) cannot be electronically filed if Arkansas Income is less than \$1.00. (RE: Line 22C)
0013	AR1000 AR1000N	The Non Resident return (AR1000N) cannot be electronically filed if Arkansas Proration Percentage is 0%. (RE: Line 52C)

Arkansas Reject Codes

Revised: 10/22/2004

Code	Form	Message
0014	AR1000 AR1000N	Return has been rejected and cannot be refiled electronically. A paper return must be mailed.
0015	AR1000 AR1000N	The Due Date for the Federal Extension 2688 must be entered.
0016	AR1000 AR1000N	State Filing Status must match Federal Filing Status. Exception: Federal Filing Status 2 must equal State Filing Status 2 or 4.
0017	AR1000 AR1000N	If Filing Status is 1, 2, 3 or 5 then no value can be passed for Column B.
0018	AR1000 AR1000N	If Filing Status is 1, 2, 3, or 6 & Tax Table is 10 then line 36A must be zero.
0019	AR1000 AR1000N	If Filing Status is 1, 3, 5 or 6 & Tax Table is 20 then line 36A must be less than or equal to \$2,000. If Filing Status is 2 & Tax Table is 20 then line 36A must be less than or equal to \$4,000. If Filing Status is 4 and Tax Table is 20 then 36A and 36B must be less than or equal to \$2,000.
0020	AR1000 AR1000N	If Filing Status is 4 or 5 then Low Income Tax Table cannot be used.
0021	AR1000 AR1000N	If Filing Status is 4 then line 37A and 37B must be greater than zero.
0022	AR1000 AR1000N	If Filing Status is 5 then 36A must be greater than zero.
0023	AR1000 AR1000N	65 Special Credit does not qualify when claiming the \$6,000 exemption for Retirement.
0024	AR1000 AR1000N	Personal Tax Credits are incorrect. (RE: Line 7A)
0025	AR1000 AR1000N	Number of Dependents not provided. (RE: Line 7B)
0026	AR1000 AR1000N	Number of Developmentally Disabled Dependents not provided. (RE: Line 7C)

Arkansas Reject Codes

Revised: 10/22/2004

Code	Form	Message
0027	AR1000 AR1000N	Total Personal Tax Credits shown on Line 7D and Line 44 must match.
0028	AR1000 AR1000N	If the Military or Retirement exclusion is claimed, then Low Income Tax Table cannot be used. Tax Table must equal Tax Table 20 or Tax Table 30.
0029	AR1000 AR1000N	Missing Form: Schedule AR4 not included with return. (RE: Line 11 or Line 12 or Line 11C or Line 12C)
0030	AR1000 AR1000N	Missing Form: Federal Schedule C not included with return. (RE: Line 14 or Line 14C)
0031	AR1000 AR1000N	Missing Form: Schedule AR1000D or Federal Schedule D is not included with return. (RE: Line 15 or Line 15C)
0032	AR1000 AR1000N	Missing Form: Federal Schedule 4797 or Schedule 4684 not included with return. (RE: Line 16 or Line 16C)
0033	AR1000 AR1000N	Missing Form: Federal Schedule E not included with return. (RE: Line 19 or Line 19C)
0034	AR1000 AR1000N	Missing Form: Federal Schedule F not included with return. (RE: Line 20 or Line 20C)
0035	AR1000 AR1000N	Intergenerational Trust Adjustment cannot be filed electronically. (RE: Line 25 or Line 25C)
0036	AR1000 AR1000N	Missing Form: Federal Schedule 3903 not included with return. (RE: Line 26 or Line 26C)
0037	AR1000 AR1000N	Texarkana Exemption Schedule AR-TX cannot be filed electronically. (RE: Line 31 or Line 31C)
0038	AR1000 AR1000N	Adjusted Gross Income is incorrect. (RE: Line 34A or Line 34B or Line 34C)
0039	AR1000 AR1000N	Invalid Tax Table passed. (RE: Line 36)

Arkansas Reject Codes

Revised: 10/22/2004

Code	Form	Message
0040	AR1000 AR1000N	Missing Form: Schedule AR3 not included with return. (RE: Line 36)
0041	AR1000 AR1000N	Missing Form: Schedule AR1000TD not included with return. (RE: Line 41)
0042	AR1000 AR1000N	Missing Form: Schedule AR1800 not included with return. (RE: Line 45)
0043	AR1000 AR1000N	Missing Form: Federal Schedule 2441 or Schedule 2 not included with return. (RE: Line 47)
0044	AR1000 AR1000N	Child Care Credit cannot exceed 20% of the Federal Schedule 2441 or Schedule 2. (RE: Line 47)
0045	AR1000 AR1000N	Surcharge Tax was invalid. (RE: Line 40)
0046	AR1000 AR1000N	Credit for Adoption Expenses cannot be filed electronically. (RE: Line 48)
0047	AR1000 AR1000N	Phenylketonuria Credit cannot be filed electronically. (RE: Line 49)
0048	AR1000 AR1000N	Business & Incentive Credits cannot be filed electronically. (RE: Line 50)
0049	AR1000 AR1000N	No value passed for total credits. (RE: Line 51)
0050	AR1000 AR1000N	Early Childhood Credit cannot be filed electronically. (RE: Line 56)
0051	AR1000 AR1000N	Missing Form: Schedule AR1000CO not included with return. (RE: Line 60)
0052	AR1000 AR1000N	Missing Form: Schedule AR2210 not included with return. (RE: Line 62A or Line 62B)
0053	AR1000 AR1000N	Federal Filing Status must be included in the electronic record.
0054	AR1000 AR1000N	Missing Form: Schedule AR1075 not included with return. (RE: AR3 Line 20)

AR1000-V

Instructions for Making Tax Due Payments for State of Arkansas Electronic Filing

Taxpayer's filing their Arkansas Individual Income Tax Electronically can now file Balance Due tax returns through the Federal-State Electronic Filing Program. The taxpayer can either send their payment at the time their return is transmitted, or wait until April 15, 2005. The payment voucher below (Form AR1000V) must be submitted with the payment. A billing notice will be mailed to the taxpayer if payment has not been received by April 15, 2005. Payments postmarked after April 15th will be subject to late payment penalties and interest charges.

Note: This Voucher is to be used only if you used Electronic Filing as your method of filing the tax return.

IF YOU OWE STATE OF ARKANSAS INCOME TAX, DETACH THE COUPON BELOW. MAIL THE COUPON AND YOUR PAYMENT BEFORE APRIL 15TH.

2004

AR1000-V E-FILE PAYMENT VOUCHER

This payment voucher can be used only if your return was filed electronically.

SSN		Spouse SSN	
First Name	MI	Last Name	
Spouse First Name	MI	Last Name	
Address			
City, State, Zip		Telephone #	

**Amount
Due**

\$		00
----	--	----

Make check payable to DF&A and Mail **before April 15th, 2005** to:

State Income Tax - ELF Payment
P.O. Box 8149
Little Rock, AR 72203-8149

NOTE: Please DO NOT send AR1000 or AR1000NR with this payment voucher (AR1000V).

NOTE: This payment voucher (AR1000V) is for Electronically Filed Returns ONLY.

FORM AR8453

Taxpayers must complete and sign the AR8453. Effective January 1, 2000 and for future years, Electronic Filers, Transmitters, and Electronic Return Originators must retain all signed AR8453 forms with all required schedules, attachments and information for the current tax year plus an additional two years.

IRS DCN Enter the Federal DCN in the appropriate boxes at the top left hand portion of the return.

Mailing Label If the taxpayer received a mailing label from Arkansas Income Tax, please attach the label to the name/address portion of the AR8453. Any necessary changes may be made on the label.

PART 1 Tax Return Information:
Enter the necessary information from the AR1000. Use whole dollar amounts.

PART 2 Declaration of Taxpayer:
After the return has been prepared and before the return has been transmitted, the taxpayer (and spouse, if joint) must verify the information on the return and the AR8453 and sign and date the AR8453. The preparer/transmitter must provide the taxpayer with copies of the return and the AR8453.

Preparers and ERO's are prohibited from allowing taxpayers to sign blank AR8453's.

PART 3 Declaration of ERO and Paid Preparer:
ERO's and Paid Preparers are required to complete all information requested in Part 3 of the AR8453.

ATTACHMENTS TO AR8453

1. State copies of Forms W-2 (*Attach to front of AR8453*).
2. State copies of Form 1099R (*Attach to front of AR8453*).
3. Schedules/Statements explaining tax differences between Arkansas and IRS.
4. Documents requiring signatures, if applicable.

● 00 - - 5

AR8453

**Arkansas Individual Income Tax Declaration
for Electronic Filing**

2004

For the tax year January 1 - December 31, 2004

USE STATE LABEL OR PRINT	First Name and Initial	Last Name(s)	Your Social Security # ●
	Present Address		Spouse's Social Security #
	City, Town or Post Office Box, State and Zip Code		Telephone Number

PART 1 TAX RETURN INFORMATION (Whole Dollars Only)

1. Total Income (Form AR1000 or AR1000NR, Line 22)	1		00
2. Net Tax (Form AR1000 or AR1000NR, Line 52)	2		00
3. State Income Tax Withheld (Form AR1000 or AR1000NR, Line 53)	3		00
4. Refund (Form AR1000 or AR1000NR, Line 58)	4		00
5. Tax Due (Form AR1000 or AR1000NR, Line 62)	5		00

PART 2 DECLARATION OF TAXPAYER

- 6a. ☐ I consent that my refund be directly deposited as designated in the electronic portion of my 2004 Arkansas income tax return. If I have filed a joint return, this is an irrevocable appointment of the other spouse as an agent to receive the refund.
- b. ☐ I do not want direct deposit of my refund or I am not receiving a refund.

If I have filed a balance due return, I understand that if the state of Arkansas does not receive full and timely payment of my tax liability, I will remain liable for the tax liability and all applicable interest and penalties. If I have filed a joint Federal and state return and my federal return is rejected, I understand my state return will be rejected also.

Under the penalties of perjury, I declare that if the information I have given my ERO and the amounts in Part I above agree with the amounts on the corresponding lines of the electronic portion of my 2004 Arkansas income tax return. To the best of my knowledge and belief, my return is true, correct, and complete. I consent to my ERO sending my return, this declaration, and accompanying schedules and statements of the State of Arkansas. I also consent to the State of Arkansas sending my ERO and/or transmitter an acknowledgement of receipt of transmission and an indication of whether or not my return is accepted, and if rejected, the reason(s) for the rejection. If the processing of my return or refund is delayed, I authorize the State of Arkansas to disclose to my ERO and/or transmitter the reason(s) for the delay, or when the refund was sent.

Sign

Here Your Signature _____ Date _____ Spouse's Signature _____ Date _____

PART 3 DECLARATION OF ELECTRONIC RETURN ORIGINATOR (ERO) AND PAID PREPARER

I declare that I have reviewed the above taxpayer's return and that the entries on Form AR8453 are complete and correct to the best of my knowledge. If I am only a collector, I understand that I am not responsible for reviewing the taxpayer's return; I declare that Form AR8453 accurately reflects the data on the return. I have obtained the taxpayer's signature on Form AR8453 before submitting this return to the State of Arkansas, and have provided the taxpayer with a copy of all forms and information to be filed with the State of Arkansas. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete. This declaration of Paid Preparer is based on all information of which the preparer has knowledge.

**ERO'S
Use
Only**

ERO'S Signature _____ Date _____

Check if paid preparer ☐ Check if self-employed ☐

Your SSN or PTIN _____

Firm's name and address _____ FEIN _____

Under penalties of perjury, I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete. This declaration is based on all information of which I have any knowledge.

**Paid
Preparer's
Use
Only**

Preparer's Signature _____ Date _____

Check if self-employed ☐

Preparer's SSN or PTIN _____

Firm's name and address _____ FEIN _____

DO NOT MAIL THIS FORM

REGULATION FOR AR8453

The following is the regulation for retention of form AR8453 by preparers for 1999 and future tax years. Regulation 2000-2 was adopted pursuant to Arkansas Code Ann. 26-51-806. A copy of this Regulation is posted on the State of Arkansas DFA e-file web site. The Web site address is:

www.arkansas.gov/efile

2000-2. EMERGENCY REGULATION - FILING ELECTRONIC RETURNS (2/2000)

This regulation is adopted as an emergency regulation to administer the process of filing electronic returns. Pursuant to Ark. Code Ann. § 26-51-806, the Director of the Department of Finance and Administration has the authority to prescribe the form by which income tax returns are filed. These regulations are needed to clarify the procedures for electronic return originators and taxpayers filing and retaining taxpayer signature documents and supporting documentation associated with the electronic filing of individual tax returns. The Director of the Department of Finance and Administration and the Commissioner of Revenue promulgate this regulation pursuant to the authority set out in Ark. Code Ann. § 26-18-301.

(1) Definitions

- (A) AR8453 is defined as a paper document used to satisfy signature requirements for electronically filed income tax returns submitted to the State of Arkansas by an Electronic Return Originator (ERO).
- (B) ERO or Electronic Return Originator is defined as a third party that transmits a tax return electronically on behalf of a taxpayer. An ERO must be approved by the Internal Revenue Service to qualify for this program.
- (C) Taxpayer is any person(s) required to file a State of Arkansas Individual Tax Return.
- (D) Annual Wage Forms are original forms W-2 and 1099 submitted by the taxpayer to the ERO, which are used to compute their Individual Income Tax returns.
- (E) Supporting Forms or Schedules are paper forms that require a signature and thus cannot be filed electronically.

- (F) AR8453OL is a paper document used to satisfy signature requirements for electronically filed income tax returns submitted to the State of Arkansas by the taxpayer using an Internet based filing service or direct dialup software.
- (G) E-File Section is the Electronic Filing Section for the State of Arkansas responsible for the processing of electronically filed income tax returns.

(2) General Procedures for Form AR8453

- (A) The taxpayer and ERO are required to verify that the taxpayer's name, address, social security number, and tax return information in the electronic transmission is identical to the information on the form AR8453, before the electronic return data is transmitted to the Internal Revenue Service Center.
- (B) Once both the ERO and the taxpayer(s) have verified the information and they have determined that the information is correct, they must sign the form AR 8453. Both taxpayer signatures are required on a joint return prior to the electronic transmission of the return.
- (C) The ERO must provide the taxpayer with a copy of form AR8453, annual wage forms and a paper copy of Form AR1000 showing the electronic data transmitted to the Internal Revenue Service Center.

(3) Retention of Form AR8453

- (A) ERO's are responsible for retaining the original form(s) AR8453, the state copy of the original annual wage forms submitted by the taxpayer, and any other non-electronic supporting forms or schedules at their place of business for three (3) years from the due date of the return. Reproduction of the annual wage forms created by the ERO's tax preparation software is not acceptable.
- (B) ERO's are required to produce the original signed form AR8453, annual wage forms and any other supporting forms or schedules upon request from the State of Arkansas's representative for compliance and examination purposes. Any ERO that fails to retain the required records may be suspended from the Arkansas E-file Program.
- (C) The form(s) AR8453 are not to be submitted to the State of Arkansas unless specifically requested or otherwise stated in this policy.

(4) When to submit Form AR8453 to the State of Arkansas

- (A) ERO's will submit a copy of the form AR8453 along with supporting forms and schedules that cannot be submitted electronically. A list of schedules

required to be sent in are listed in the publication. These forms should be submitted to the E-File Section within 24 hours of receiving the State acknowledgment of receipt of the electronically filed tax return.

(5) ERO's that cease doing business must notify the E-File Branch within 30 days of the date that they cease doing business. ERO's who cease doing business will be required to forward all retained AR8453 documents to the E-File Branch. ERO's should contact the E-file branch prior to submitting the documents for proper documentation and procedures for the submission of prior year forms.

(6) Procedure for Form AR 8453 OL

- (A) Taxpayers who prepare their own returns and file their State of Arkansas tax returns electronically are required to complete and sign form AR8453OL and attach annual wage forms along with any other supporting forms and schedules and mail to the Arkansas E-File Section. This form is required to be sent to the E-File Section within 24 hours of receiving the State acknowledgement of receipt of the electronically filed tax return.
- (B) A taxpayer who fails to submit proper documentation timely may be declared to be ineligible to file electronic returns without the assistance of an ERO by the Commissioner of the Department of Revenue or his designee.

(7) This regulation will apply to all electronically filed Individual Income Tax returns filed on or after January 1, 2000.

§ 26-51-816. Signature document.

- (a) The Director of the Department of Finance and Administration shall have the authority to require the originator, transmitter, or paid preparer of an electronically filed Arkansas income tax return to retain the signature document, AR8453, as well as all other forms and schedules which support the return.
- (b) Supporting forms and schedules which should be attached to the signature document include, but are not limited to, the following:
 - (1) Form W-2;
 - (2) Form 1099;
 - (3) Form AR1000EC;
 - (4) Form AR1000DC;

- (5) Form AR1000RC5; and
 - (6) Any other documents or schedules that require the taxpayer's signature.
- (c) The signature document and all supporting documents for an electronically filed Arkansas return must be made available for inspection by the director upon the director's request.
- (d) The director is empowered to promulgate rules and regulations for the proper enforcement of this section.

History. Acts 1999, No. 1132, § 7.

GLOSSARY

DCN	<u>Document Control Number.</u> A unique number assigned by the ERO and used on the Federal Form 8453 and AR8453 for the taxpayer. The DCN must contain the EFIN of the electronic filer who prepared the return or collected the return. The tax preparation software usually generates the DCN.
EFIN	<u>Electronic Filing Identification Number.</u> A unique number assigned by the IRS Service Center when an Application Form 8633 is received. It is based on the District Office that serves the area where the applicant is located. This number is used in the construction of the DCN.
ERO	<u>Electronic Return Originator.</u> A person or organization that deals directly with the taxpayers regarding the transmission of their electronic tax returns. An ERO may or may not be a preparer.
ETIN	<u>Electronic Transmitter Identification Number.</u> A unique number assigned by the IRS Service Center where the transmissions will be sent. It allows access to the IRS Data Communications Subsystem and indicates the identity of the Transmitter.